

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020041-9  
MEMORANDUM FOR: Mr. Dulles

Pursuant to your request at the Deputies' Meeting this morning, I have prepared the attached proposed reply to Mr. Stans' letter of 9 September 1959.

[Redacted Signature]

L. K. White

18 Sep 59

(DATE)

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cc: DDGI

On file OMB release  
instructions apply.

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Executive Registry
11-77231

21 SEP 1959

The Honorable Maurice H. Stans  
Director  
Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Stans:

This will acknowledge receipt of your letter of 9 September 1959 enclosing a trip report completed by your staff.

As I indicated in our recent discussion, I am very grateful for this report. The questions which you raised are under intensive study, and you may be sure that I will give them my personal attention.

Sincerely,

SIGNED

Allen W. Dulles  
Director

DD/S:LKW:laq

Distribution:

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CONCUR:

[Redacted Signature]

L. K. White  
Deputy Director  
(Support)

18 Sep 59

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

11-7123  
1959

*Allen:*  
Dear Mr. ~~Dulles~~:

I have just finished reading a trip report recently completed by my staff and am passing it along for your perusal and possible use. The report, which concentrates on your cold war activities, was most interesting to me, as I am sure it will be to you.

The report alludes to several areas which could have considerable budget impact in the future. In addition, I would like to raise the question of the feasibility of merging Radio Free Europe and Radio Liberty facilities. I hope you will give this idea, as well as those mentioned in the body of the report, your personal attention as we approach the time for a settlement of your Agency's 1961 budget levels.

Sincerely yours,

*Murray*  
Director

Honorable Allen Dulles  
Director of Central  
Intelligence  
Washington 25, D. C.

Report on 1959 European Field Trip Study of CIA  
Cold War Activities and Related USIA Programs

Introduction

This report is the result of a field trip made by staff members of the Bureau of the Budget to USIA and CIA installations in [REDACTED] [REDACTED] In all cases field representatives were fully cooperative in extending assistance and support to the Bureau of the Budget survey.

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The primary purpose of the trip was to gain a detailed knowledge of political and psychological programs conducted by the two agencies in their foreign operational environment. Of particular concern to the Bureau were the method and extent to which the overt information [REDACTED]

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The political action programs of CIA, moreover, were studied on a project-by-project basis, and considerable attention was devoted to management relationships between field and headquarters within the Agency. Because of the limited time available, no effort was made to review the conventional intelligence collection activities of CIA.

Roughly [REDACTED] of CIA's dollar resources are expended directly for cold war (PP) activities. As will become evident, the term is extremely broad in its application and permits a great diversity of covert U. S. governmental activity throughout the world. These activities are normally planned and conducted on an annual project basis, subject to periodic renewal after appropriate foreign policy coordination with the Department of State. This phase of Agency effort has become increasingly significant in recent years. Because the Agency budget document contains very little substantive information on PP programs, the only practical way of comprehending them and relating them to other U. S. Government programs is through a project-by-project review. Such was the procedure followed in conducting this study.

Conclusions

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2. The planning and programming cycle within CIA is so lengthy and complex that it tends on the one hand to delay the timely initiation of hard-hitting projects and on the other to inhibit the modification or cancellation of marginal projects.

3. CIA station chiefs lack the discretionary authority and flexibility needed to keep PP operations closely attuned to the constantly changing international and national situations.

4. Project reporting requirements within CIA are excessively burdensome and result in a huge flow of paper which, in fact, may actually reduce effectiveness.

5. Over the years CIA has developed a vast network of  many of whose activities appear to be of marginal value to U. S. foreign policy interests.

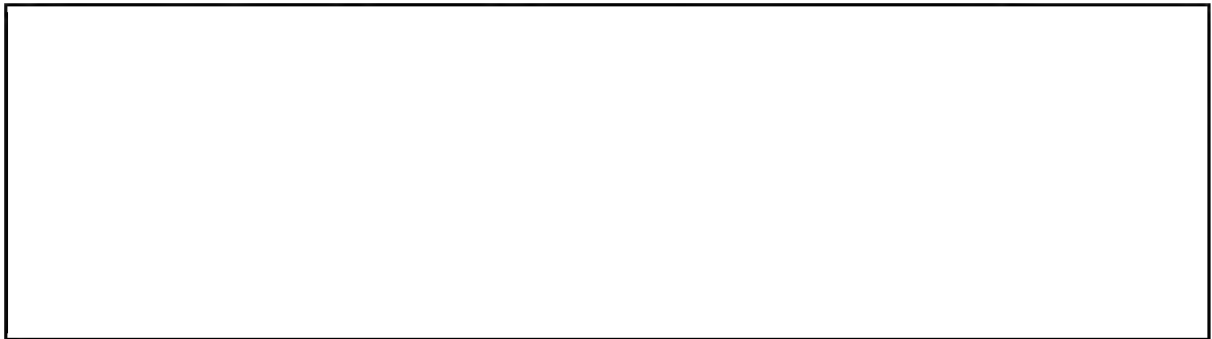
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Discussion

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CIA programming procedure

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This type of long-range programming, with senior officials involving themselves in operational details of individual projects, is obviously cumbersome and not geared to react quickly to current political and economic conditions. In one instance we were told of a project which after six months, still had not received Washington approval or disapproval and which meanwhile had lost much of its timeliness. To a large extent PP activities are conducted through assets of long-time duration. As a consequence field estimates often are nothing but requests for the continuation of existing operating levels, without particular regard for operational conditions which may prevail a year and a half hence. To a degree the budget cycle itself requires this type of programming; however the procedure becomes objectionable when the dollar levels at which projects are approved are adhered to with considerable rigidity. Because of the difficulty in obtaining headquarters approval to changes in project levels, field estimates tend to be inflated; further, the long lead time discourages the hard-headed evaluation which might lead to a more timely cancellation of marginal projects.

Despite the existence of an elaborate system of project reviews both at initiation and at renewal time, it is not clear that total programs (as distinct from individual projects) are evaluated as a

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whole against overall foreign policy objectives. This, in our opinion, should be the concern of top level policy people in CIA and State, while problems of project initiation and execution should be treated at lower levels. At present evaluation responsibility is too fragmented to be maximally effective and may often lack objectivity at some levels because of a personal interest of the evaluator in the project. To put it in summary, today's PP programs give an impression of collections of projects, rarely looked at as a whole and encased in a procedural straitjacket which is too confining to permit ready adaptability to rapidly changing conditions.

#### Centralization of authority

In its early days, according to senior officials, CIA granted broad authority to overseas stations which then lacked the experienced personnel to exercise it wisely. Unhappy with the results the Agency reversed itself and now has concentrated virtually all authority in headquarters. The upshot is that CIA station chiefs have remarkably little discretion and flexibility in directing the use of funds as required by rapidly changing world political conditions. It is true that each overseas station has a so-called development of targets of opportunity fund which can be utilized for purposes of exploiting an unanticipated situation, but insofar as we could learn the limits on the use of this money by a station chief acting on his own authority are very narrow. What is more important, station chiefs are not permitted to transfer funds from one approved project to another without headquarters approval. Quite the opposite situation prevails in USIA where the Public Affairs Officer enjoys broad authority in implementing USIA's programs.

It was our impression that CIA senior personnel overseas are experienced, mature, and fully capable of exercising a considerable degree of discretionary responsibility. It goes without saying, moreover, that these seasoned people have a more intimate knowledge of operating conditions than can possibly exist in Washington. It would seem highly desirable, therefore, that station chiefs be given authority to reprogram as needed and transfer funds between projects. This would facilitate the phasing down or beefing up of marginal or high-dividend projects, as operating conditions dictate. As a practical measure it may be wise to limit the transfer authority to 20-25 percent of the total dollar level approved for each project. Without some such flexibility, we do not believe that programs will be dynamic and vigorously responsive to the needs of changing times.

#### Reporting requirements

In our opinion there is a great excess of reporting done by CIA field stations to Washington headquarters. Existing regulations

require monthly reports on each PP project. In addition there is a continuing flow of information on these projects whenever anything of significance arises relating to them. Given the long-term nature of most of the projects and the fact that Washington headquarters is apprised whenever significant events occur, and given the further fact that in some areas of the world CIA staffs are inadequate because of the lack of sufficient cover positions, it appears wasteful to require overseas personnel to write monthly summaries on events and conditions which are already known fully in headquarters. We discussed this conclusion at all points of our visit and overseas personnel were fully in agreement. It is probable that quarterly reports would be entirely satisfactory in the case of the overwhelming majority of the PP projects. If this were done, a considerable amount of overseas staff time would be available for more productive efforts and at the same time there may result some reductions in headquarters personnel who now busy themselves processing the huge flow of monthly reports.

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